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Egypt

Oilseeds and Products Annual

Sunflower Oil Imports Increase for Ration Card Program

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Report Highlights:

Imports of soybeans and soybeans meal decreased in MY 2011/12, negatively impacted by disease problems in the poultry industry, but are expected to partially recover in MY 2012/13 with improved economic growth. Prices of sunflower oil are at least \$100/MT less than soybean oil, spurring sunflower oil imports to record levels of 850 TMT in MY 2011/12 and, barring a change in relative prices, forecast at 830 TMT in MY 2012/13. Through mid-April, the public sector Food Industries Holding Company had already contracted for 400 TMT of sun oil for the ration card program. On the other hand imports of soybean oil are not expected to exceed 100 TMT in MY 2011/12 and 200 TMT in MY 2012/13. Egypt's relatively small oilseed production is forecast to decrease in MY 2012/13 as farmers plant less cotton.

**Production:
Area Planted**

Cottonseed is the major oilseed crop in Egypt. Soybeans and sunflower are the other oilseed crops. All are cultivated in summer. Cotton area increased in MY 2011/12 by about 38 percent compared to MY 2010/11. This increase was mainly attributed to the increase in both world and local market prices for cotton in MY 2010/11. However, cotton area is forecast to decrease significantly from 220 TH in MY 2011/12 to 154 in MY 2012/13 due to the sharp decrease in cotton prices in MY 2011/12 and the large quantities of seed cotton still held by farmers. Demand for cotton this year is down, especially for Egyptian long and extra-long staple cotton, which will have negative impact on cotton planting.

Sunflower seed area increased from 3,000 hectares in MY 2010/11 to 5,000 in MY 2011/12 and expected to be at the same level in MY 2012/13. Soybean area remains unchanged.

Meal

Soybean meal production in MY 2011/12 is expected to decrease by about 10 percent due to poultry disease problems and shutting down some farms which decreased the demand for meal. It is expected that the meal production will increase from about 1,185 TMT to 1,250 in MY 2012/13 anticipating partial recovery of the poultry industry. Over 90 percent of the soybean meal comes from imported soybeans. Sunflower meal production remained at the same level of 104 TMT in MY 2011/12, however it is expected that it will increase slightly in MY 2012/13 due to the expected small increase in imports of sunflower seed.

In MY 2011/12, production of cottonseed meal increased 37 percent in line with increased production, but will decline in MY 2012/13 due to the expected smaller area of cotton.

Oil

Soybean oil production decreased in MY 2011/12, but it is still the major edible oil produced in Egypt. Soybean oil production is forecast to increase from 270 TMT in MY 2011/12 to 280 TMT in MY 2012/13 due to the expected increase in soybean imports from 1.5 MMT in MY 2011/12 to 1.6 MMT in MY 2012/13. In MY 2011/12 cottonseed oil production increased from 27 TMT in MY 2010/11 to 37 TMT in MY 2011/12, but expected to decrease again to 27 TMT in MY 2012/13 due to the smaller area of cotton expected to be planted in the coming season. In MY 2011/12, sunflower oil production increased by 7 TMT from the previous season, and expected to be at the same range of about 28TMT in MY 2012/13.

Consumption:

Meal Consumption

Egypt's oil meal consumption is affected by the status of livestock, poultry, and aquaculture sectors.

Egypt's poultry sector was badly affected by outbreaks of avian influenza and IB in MY 2011/12, but the aquaculture sector is considered a fast growing sector. The current FMD outbreak could further impact soy meal demand, but has not as yet. Soybean meal consumption was estimated at 1.9 MMT in MY 2010/11 and decreased to 1.8 MMT in MY 2011/12. A slight recovery is expected in MY 2012/13. Soybean meal is the major meal consumed in Egypt. About 1 MMT of the meal is consumed by poultry, 500 TMT by feeder and dairy cattle and about 350 TMT consumed by aquaculture. Cottonseed cake and to some extent sunflower meal are used in livestock feed. The aquaculture industry also is beginning to expand and modernize, and many farms have begun using high quality feed rations based on protein meals, primarily soybean meal.

Vegetable Oil Consumption

In MY 2011/12, the total quantity consumed of oil in Egypt was about 2 MMT, in which sunflower oil for the first time ever represented 45%, palm oil represented about one-third, and soybean oil represented 19% of the total quantity consumed. In MY 2011/12, total vegetable oil consumption was almost the same as the year before and will continue to be the same in MY 2012/13. About one-half of the oil consumed is subsidized through the ration card program, which now covers some 64 million persons. Ration card holders are allowed only 0.50 Kg./person/month at a subsidized price of LE 3.0/kilo (\$1 = LE 6.02). In addition, another 1.0 kg at LE 3.0/kilo (with a maximum of 4 kilos per family) is allowed. The average price for oil marketed by private producers ranges from LE 12 to 15 per liter. Because of its relatively low price, palm oil continues to maintain its competitive position with other imported oils for both human consumption and industrial use. Palm stearin is imported mainly as a substitute for tallow in the manufacture of soap.

Vegetable Oils Availability (TMT)

Oil	2010/11			2011/12			2012/13		
	Imp	Dom	Total	Imp	Dom	Total	Imp	Dom	Total
Soybean oil	637	294	931	100	270	370	200	280	480
Cotton seed oil	0	27	27	0	37	37	0	27	27
Sunflower oil	330	20	350	850	27	877	800	28	828
Palm oil	675	0	675	650	0	650	650	0	650
Total	1642	341	1983	1600	334	1934	1650	335	1985

Source: PSD estimates and forecasts

Trade:

In MY 2011/12, the U.S. market share in the soybean import market expected to reach about 43 percent, slightly higher than the year before. The current average price for soybeans imported is about \$530 C&F Alexandria compared to about \$540/ton in MY 2010/11. The current price of local soybeans is about \$480/ton. In MY 2011/12 sunflower oil has dominated the Egyptian market due it lower price compared to soybean oil. Sunflower oil prices are cheaper than soybean oil by about \$100/ton. Over

80% of the imports of soybean oil and sunflower oil are imported by the public sector Food Industries Holding Company for the ration card holder, while all the palm oil is imported by the private sector.

The Holding Company had already contracted for 400 TMT of sunflower oil imports in MY 2011/12 through mid April. Post estimates soybean oil imports in MY 2011/12 at 100 TMT and 200 TMT in MY 2012/13. Sources in the local trade continue to maintain that only 650 TMT of palm oil are imported annually, although Post understands that Malaysia and Indonesia export data show much higher levels.

In MY 2011/12, Egypt imported 1.5 MMT of soybeans, compared to 1.64 MT in MY 2010/11. It is expected that imports of soybeans in MY 2012/13 will reach 1.6 MMT again. Egypt imports about 50,000 MT of sunflower seed.

Soybean meal continues to be the major meal imported into Egypt. In MY 2011/12, total soybean meal imports were 500 TMT and forecast at 500 TMT in 2012/13. In MY 2010/11 Brazil and India captured most of the Egyptian market with only about 80 TMT of U.S. meal. U.S. soybean meal is currently imported at \$480 per MT C&F for 44 percent protein, compared to \$460 per MT C&F from South America.

Tariffs

The current tariff rate for soybeans, sunflower seed, linseed, palm kernel, and sesame seed, is zero.

Oilseed meal and cake extracted from vegetable oilseeds are subjected to an import duty of 5 percent, plus 2 percent port charges.

Tariffs on imported seed oils are as follows:

- Import tariffs on bulk crude and refined soybean, sunflower, cotton and palm oil are Zero.
- Tariffs on packed refined soybean, sunflower, cotton and palm are varying between 2 and 5 percent.

Production, Supply and Demand Data Statistics:

Oilseed, Cottonseed Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	160	160	215	220		154
Area Harvested (Cotton)	155	155	210	220		154
Seed to Lint Ratio	6,800	6,800	6,800	6,800		6,800
Beginning Stocks	7	7	2	2		7
Production	177	177	240	250		175
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	184	184	242	252		182
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	171	171	212	235		170
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	11	11	25	10		7
Total Dom. Cons.	182	182	237	245		177
Ending Stocks	2	2	5	7		5
Total Distribution	184	184	242	252		182
1000 HA, RATIO, 1000 MT						

Meal, Cottonseed Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	171	171	212	235		170
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	80	80	99	110		79
MY Imports	5	0	5	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	85	80	104	110		79
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	85	80	104	110		79
Total Dom. Cons.	85	80	104	110		79
Ending Stocks	0	0	0	0		0
Total Distribution	85	80	104	110		79
Oil, Cottonseed Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct		Market Year Begin: Oct		Market Year Begin: Oct	

	2009		2010		2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	171	171	212	235		170
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	27	27	34	37		27
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	27	27	34	37		27
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	4	4	4	3		3
Food Use Dom. Cons.	23	23	30	34		24
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	27	27	34	37		27
Ending Stocks	0	0	0	0		0
Total Distribution	27	27	34	37		27

1000 MT, PERCENT

Oilseed, Soybean Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	11	11	10	10		11
Area Harvested	11	10	10	10		11
Beginning Stocks	42	42	30	30		22
Production	24	24	25	27		28
MY Imports	1,644	1,644	1,600	1,500		1,600
MY Imp. from U.S.	684	684	625	650		600
MY Imp. from EU	0	0	0	0		0
Total Supply	1,710	1,710	1,655	1,557		1,650
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	1,644	1,644	1,600	1,500		1,570
Food Use Dom. Cons.	16	16	17	20		15
Feed Waste Dom. Cons.	20	20	20	15		20
Total Dom. Cons.	1,680	1,680	1,637	1,535		1,605
Ending Stocks	30	30	18	22		45
Total Distribution	1,710	1,710	1,655	1,557		1,650

Meal, Soybean Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,644	1,644	1,600	1,500		1,570
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	96	96	103	103		100
Production	1,310	1,310	1,275	1,185		1,250
MY Imports	622	622	700	500		500
MY Imp. from U.S.	107	107	95	80		90
MY Imp. from EU	0	0	0	0		0
Total Supply	2,028	2,028	2,078	1,788		1,850
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,925	1,925	1,980	1,688		1,800
Total Dom. Cons.	1,925	1,925	1,980	1,688		1,800
Ending Stocks	103	103	98	100		50
Total Distribution	2,028	2,028	2,078	1,788		1,850

Oil, Soybean Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,644	1,644	1,600	1,500		1,570
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	2	2	124	124		50
Production	294	294	286	270		280
MY Imports	637	637	365	100		200
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	5	0		0
Total Supply	933	933	775	494		530
MY Exports	40	40	40	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	12	12	12	12		12
Food Use Dom. Cons.	757	757	673	432		470
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	769	769	685	444		482
Ending Stocks	124	124	50	50		48
Total Distribution	933	933	775	494		530

Oilseed, Sunflowerseed Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Planted	3	3	3	5		5
Area Harvested	2	2	2	5		5
Beginning Stocks	0	0	0	0		0
Production	5	5	5	12		14
MY Imports	50	50	250	50		50
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	55	55	255	62		64
MY Exports	3	3	3	0		0
MY Exp. to EU	3	3	0	0		0
Crush	50	50	250	62		64
Food Use Dom. Cons.	2	2	2	0		0
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	52	52	252	62		64
Ending Stocks	0	0	0	0		0
Total Distribution	55	55	255	62		64

Meal, Sunflowerseed Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	50	50	250	62		64
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	0	0	0	0		0
Production	28	28	140	34		36
MY Imports	76	76	70	70		75
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	20	20	0	25		25
Total Supply	104	104	210	104		111
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		5
Feed Waste Dom. Cons.	104	104	210	104		106
Total Dom. Cons.	104	104	210	104		111
Ending Stocks	0	0	0	0		0
Total Distribution	104	104	210	104		111

Oil, Sunflowerseed Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	50	50	250	62		64
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	70	70	6	6		8
Production	20	20	100	27		28
MY Imports	330	330	500	850		800
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	420	420	606	883		836
MY Exports	24	24	25	25		25
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	390	390	511	850		800
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	390	390	511	850		800
Ending Stocks	6	6	70	8		11
Total Distribution	420	420	606	883		836

Oil, Palm Egypt	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Trees	0	0	0	0		0
Beginning Stocks	168	168	195	108		50
Production	0	0	0	0		0
MY Imports	1,277	675	1,350	650		650
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	1	0	1	1		2
Total Supply	1,445	843	1,545	758		700
MY Exports	200	135	220	50		50
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	200	100	220	70		60
Food Use Dom. Cons.	850	500	875	588		560
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	1,050	600	1,095	658		620
Ending Stocks	195	108	230	50		30
Total Distribution	1,445	843	1,545	758		700